CHILTON'S COMMERCIAL CARRIER JOURNAL

CCJ

FOR PROFESSIONAL FLEET MANAGERS SEPTEMBER 1991

Using R-22 Refrigerant can be ...

RISKY BUSINESS

Also:

Spec'ing
Blind Side Mirrors

Published Continuously Since 1911

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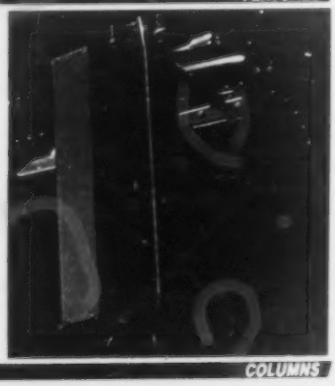
FEATURES



50 USING R-22 REFRIGERANT CAN BE... RISKY BUSINESS

Fleets experimenting with R-22 refrigeration are seeking a low-cost transition from yesterday's CFC-based refrigerant gases toward the ozone-friendly compounds of tomorrow. They have discovered that the trick to making this "transition gas" work is precise knowledge of one's temperature performance requirements and respect for the limits of R-22.

56 BLIND LUCK EQUALS BAD LUCK: THE NEED FOR CUSTOM MIRRORS

Sideswiped any cars lately? Here's a look at special mirrors that will reduce blind spots...and help keep your lawyers out of court.

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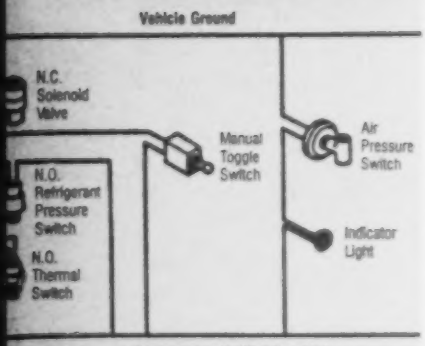

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"DOING" COMMUNICATION: THE GREAT MISCONCEPTION – The great misconception is that communicating is easy if you will just do it. Communicating is not easy, nor is it something you "do."

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TOUGH HIRING PROCEDURES WORK – Despite low wages, extensive testing and thorough records checks, Smith Terminal Distribution has no problems putting good drivers behind the wheel.

45 SAFETY

FHWA INTERPRETS CDL REQUIREMENTS – The Federal Highway Administration has published a 47-page booklet to clarify its Commercial Drivers License (CDL) program.

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WHEN OFF IS ON, AND OPEN IS CLOSED – Tom Kleich outlines procedures for installing bypass switches to override electrical control systems on Horton on/off fan clutches.

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IN THE NEXT ISSUE

The October edition will include the Annual Buyers' Guide, providing data on thousands of products and services segmented into more than 500 categories.

The Makes and Models section will offer specs, ratios and weights for 1992's light, medium and heavy-duty trucks. A special Hotline card makes it easy to get more information on each model.

Information on transmissions, axles, engines and 5th wheels will be noted in the Components section. And there also will be a directory of technical literature. □

EDITORIAL STAFF

Editor-In-Chief
GERALD STANDLEY
215-964-4513

Executive Editor
PARRY DESMOND
215-964-4529

Managing Editor
CAROLE SMITH
215-964-4524

Senior Technical Editor
RICHARD CROSS
215-964-4517

Technical Editor
PAUL RICHARDS
215-964-4519

Senior Editor
EILEEN CLEAVES
215-964-4514

Associate Editor
CAROL HOPE HEAVENS
215-964-4509

Washington Bureau Chief
NEIL REGEIMBAL
202-662-8960

Washington News Bureau
PATRICIA STURDEVANT
202-662-8960

Western Editor
JAMES CHARLESWORTH
303-452-4739

Market Research Editor
MATT HOGAN
215-964-4521

Art Director
MIKE TRINSEY
215-964-4006

Publisher
GREGORY SHEREMET
215-964-4511

EDITORIAL OFFICES
1 Chilton Way
Radnor, Pa. 19089

570 National Press Bldg.
Washington, D.C. 20045
202-662-8960

2600 Fisher Building
Detroit, Mich. 48202
313-875-2090

10982 Birch Drive
Denver, Colo. 80233
303-452-4739

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Reefer survey predicts growth

By **JIM CHARLESWORTH,** *Western Editor*

Keystone, Colo. – Representatives of truck marketing, maintenance and operations, plus equipment manufacturers, are optimistic about the future of temperature-controlled transportation. They predicted steady growth for reefer carriers at the annual meeting of the Interstate Truckload Carriers Conference, Refrigerated Div., held here in July.

Jim Chadbourne, senior vice president of sales and marketing, Marten Transport Ltd., Mondovi, Wisc., said: "Frozen shipments...are growing faster than any other segment of the temperature-controlled freight business. By the year 2000, $4.5 billion will be generated in these shipments."

Highlights of a Refrigerated Div. survey are noted in the chart below. Revenue categories of the responding reefer companies and the number of carriers in the groups are: Group I, $1-$10 million, 13 carriers; Group II, $11-$35 million, 9; Group III, $36-$51 million, 2; Group IV, $52-$100 million, 6. □

Carrier group	Group I	Group II	Group III	Group IV
Number of tractors	543	1,271	874	3,409
Number of reefers	672	1,642	1,196	4,117
Average number of tractors per fleet	41.8	141.2	437.0	568.2
Average number of reefers per fleet	51.2	182.4	598.0	686.2
Average revenue (million)/% growth	$6.2/ 30.0%	$22.4/ 3.8%	$43.3/ 15.0%	$63.3/ 18.2%
Average % dry freight	21.2%	32.5%	10.4%	23.8%
Average annual (million) miles	4.3	20.7	39.6	80.6
Average length of haul (miles)	787	908	790	1,453
Average number of loads/month	787	1,351	3,936	4,361
Average revenue/load	$851	$919	$1,002	$1,306
Average % empty miles	13.6%	9.7%	11.5%	9.2%

Fuel standards set for 1993-94 pickups, vans

The National Highway Traffic Safety Administration (NHTSA) has set Corporate Average Fuel Economy (CAFE) standards for 1993 light trucks at 20.4 mpg. The standard for 1994 models will increase to 20.5 mpg.

The standards apply to pickups and vans with gross vehicle ratings under 8,500 lb.

Standards for the 1990 and 1991-92 models, respectively, are 20.0 and 20.2 mpg. □

NHTSA safety award

The National Highway Traffic Safety Administration (NHTSA) plans to give an award to companies that have noteworthy safety programs for employees, and have promoted safety through a variey of measures to their customers and the public.

Procedures and selection criteria for the program are slated to be resolved this Fall. Nominations will be solicited in the Winter of 1991.

The first award winners will be announced in 1992. □

MVMA surveys image of trucking

Americans "clearly recognize and appreciate the economic importance of trucks in their daily lives and the significant improvements truck makers have incorporated in manufacturing today's trucks," claims Thomas H. Hanna, president of the Motor Vehicles Manufacturing Association.

Hanna based that conclusion on results of an MVMA study conducted by the ICR Research Group, Media, Pa. ICR surveyed 1,000 adults about truck operators and manufacturers and the role trucks play in the U.S.

The survey discovered that:

1. The public image of trucks may be as much affected by their image of truck drivers as it is by the vehicles.
2. Although the public recognizes the difficult job truck drivers have, they also feel truck drivers should drive more safely and be more considerate of car drivers.
3. Until the issue of driver safety is neutralized, big trucks won't be acceptable to the public.

A section of the survey had a series of statements, which respondents were asked to agree or disagree with. Their responses determined that:

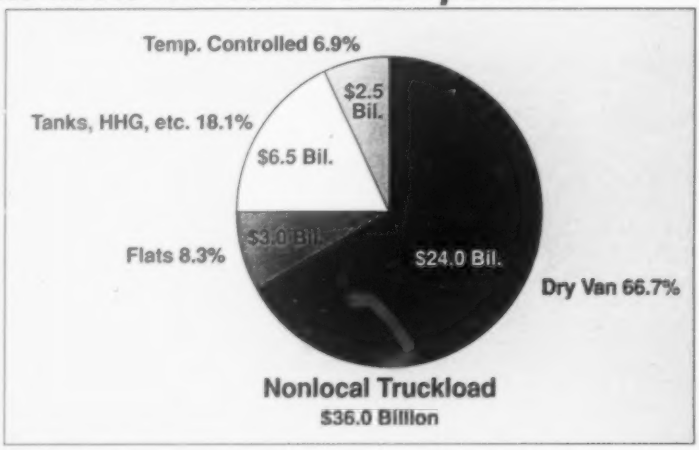
- 81% think new trucks are more pollution-free than older trucks.
- 79% believe truck makers have done a good job of making trucks conspicuous at night.
- 60% agree that today's trucks are equipped with state-of-the-art safety features.
- 41% think truck builders have reduced the problems of splash and spray on rainy days.
- 58% agree that truck drivers use the size of their truck to intimidate other drivers.
- 91% believe car drivers need to be more understanding and aware of the special characteristics for driving large trucks. □

Analyst predicts private fleets will be more competitive

Shifting traffic from private fleets to common carriers "was easy" in the 1980s. But in the 1990s, private carriage will be a "much tougher" competitor.

Those observations were made by John G. Larkin in a presentation last month in Williamsburg, Va., at the Private Fleet Management Institute sponsored by the National Private Truck Council.

Larkin is an analyst who focuses on the truckload market for Alex. Brown & Sons, the Baltimore investment bank.



This is a breakdown, by equipment type, of the revenues captured by the over-the-road truckload industry in 1990.

How traffic was captured

Freight once handled by private carriage was an easy target for common carriers because, said Larkin, many private fleets had "weak" lane balance, poor equipment utilization, high equipment costs, unsophisticated systems development, and they were unionized.

But private fleets are more competitive now, claims Larkin.

That's because:

- "the easy freight" has already been captured by for-hires;
- for-hire carriers' marketing/logistics staffs are "not sophisticated;"
- much of the freight that could be converted to common carriage requires the ability to provide "specialized/tailored services;"
- contract logistics firms may eventually manage the distribution process.

Larkin also noted that consolidation in the for-hire sector is "accelerating" because weak carriers are having their loans called by lenders, they are being pressured by their insurance carriers, they are most vulnerable to the economic slowdown, and they are less attractive to drivers and shippers.

There's over-capacity in the long-haul TL sector, Larkin observed. But growth opportunities continue for common carriers in the short-haul/specialized market for reasons such as "less rate bashing" in service-sensitive niches and "retreating railroads in the East."

Common carriers should grow by diversification and acquisition, continued Larkin.

That can be accomplished, he explained, by: buying niche operations such as flatbed fleets or temperature controlled carriers; initiating contract carriage and dedicated fleet operations; moving into shorter-haul niches; participating in intermodal partnerships, creating alliances with third parties so you're not left out of the growing international markets; and diversifying into distribution/logistics services. □

John Larkin provided the following data on the large, highly segmented trucking industry as part of his presentation to members of the National Private Truck Council's Management Institute:

- **With a 77.7% market share, based on $239.2 billion on annual revenues, trucks dominate the $307.8 billion domestic commercial transportation market.**
- **The $140 billion, nonlocal trucking market includes the following sectors: private fleets, $77 billion, 55%; for-hire truckload (TL), $36 billion, 25.7%; less-than-truckload (LTL), $17 billion, 12.2%.**
- **Market share and revenues captured by equipment-type segments of the $36 billion TL industry are: dry vans, $240 billion, 66.7%; bulk fleets and household goods carriers, $6.5 billion, 18.1%; flatbeds, $3 billion, 8.3%; temperature controlled, $2.5 billion, 6.9%.**
- **A breakdown of the percentage of revenues garnered by the TL industry, based on fleets' average length of haul, is: 45.2%, under 100 miles; 26.7%, 100-499 miles; 10.1%, 500-999 miles; 7.8%, 1,000-1,499 miles; 5.4%, 1,500-1,999 miles; 3.8%, 2,000-2,499 miles; 1.0%, 2,500-2,999 miles.**